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NOV 5 1965

MEMORANDUM FOR: Chief, Technical Accounting Staff

25X1 FROM : Chief, [redacted] Branch

25X1 SUBJECT : [redacted] Property  
Authorization Control Procedure

1. The subject procedure has been submitted for concurrence. It is desired, instead, to comment on the proposal in general and then on specific points which may raise questions from the field unless such points are further clarified.

2. We concur in the purpose and objectives of the procedure and believe that the field will welcome a system that will afford a control over issues and transfers of property going into project or program activities. This has been and currently is an item of costs not always reflected in the project accounts and the use of Agency resources in excess of the project approvals has happened.

3. Recognizing the need for such controls, it is desired to offer another method of approach to the problem for consideration by your staff and other interested offices. This is:

a. Use a single allotment account for each project or program activity (as heretofore) but for both appropriated funds and property from inventory. All property requisitioned from whatever source (field supply depots, Headquarters, or local procurement) to be obligated against the single allotment account of the end user prior to release. If the items requisitioned are procured by purchase (an expenditure of funds) the charge therefor to be reflected in the applicable account(s). If the items requisitioned are procured by issue from inventory (stock) the treatment to be:

(1) Expendable Property. Requisitions to be priced and charged to the applicable allotment account. Offsetting credit to be made to a special procurement allotment account. (Which in effect would increase the unobligated balance and make funds available for replacement purchases).

(2) Non-expendable Property. For new property items in stock the requisitions to be priced and charged as above for expendable property with credit to a special procurement allotment account. For used property items (non-expendable property previously charged to an allotment account but returned to stock or available as surplus from projects) no charge to be made to the allotment account.

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(3) All property accountability requirements to be followed; i.e. receipt and issue documents, recording in accountable officer's records, use of memorandum receipts where applicable, etc.

4. A special procurement allotment account for use by field supply depots or Headquarters is proposed to provide for procurement of stock items to maintain predetermined stock levels of common use items or the advance procurement of property which is to be ultimately charged upon issue to more than one project or activity account.

5. It is preferable to have a single control record for each project or activity instead of requiring a separate "Property Authorization Control Record" as this would nearly double the number of accounts to maintain. It is analogous to having separate accounts for other object classes such as travel, printing, agent compensation, etc. When two or more control records are set up the effectiveness of the control is diluted and more work and personnel are required.

6. It is understood that the number of stations and bases within the orbit of established field supply depots are in the minority. Also that the finance and logistics personnel staffing pattern at all stations and bases is tight so that additional workload requirements cannot be complied with. Moreover, at the smaller bases, the finance and supply work is assigned to administrative assistants with other duties in personnel, budget, general services and sometimes operational duties. To impose a new procedure, that appears relatively simple to Headquarters, but is complex to the field, and one that requires a great deal of follow up as proposed in the property authorization procedure, will result in a difficult, if not impossible, accomplishment.

7. As the approach or method of control over property issues outlined in paragraphs 3, and 4, may present legal or finance objections the following comment is offered on the draft procedure itself:

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a. A separate section should be added to define, for purpose of this regulation, what is meant by property, property authorization, local procurement, special procurement allotment account, etc.

b. [redacted] should be revised to incorporate this procedure.

c. Re paragraph 2.a. Wouldn't this apply to all projects or activities that draw property from a field supply depot or Headquarters, irrespective of whether they are in an "orbit" or not? If not applicable to projects or activities outside the "orbit of an established field supply depot" how are

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property issues to such projects to be controlled? Can't such controls, if any, be applied to projects and activities within the "orbit"? Again, if the coverage is only applicable to those projects within the "orbit" the paragraph on "Purpos" should be restated to say that the procedure is to "provide control ...." except those projects or activities outside the "orbit of an established field supply depot ....".

d. Re paragraph 2.b. (2). How should field stations handle open market purchases on the local market when they do not have a special procurement allotment symbol to charge? Is there a difference between local procurement on the open market and local procurement from [redacted] establishments? Follow "local procurement" with a parenthetical qualification (including or excluding, as the case may be, local procurement from [redacted]).

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e. Re paragraph 2.c. This needs clarification. Does this mean non-expendable property procured for a project or activity and issued on a memorandum receipt for property accountability purposes? If so, why not say so. If it is only applicable to non-expendable property transferred internally by property transfer documents for which memorandum receipts are obtained, why not say so.

f. Re paragraph 3.a. (2) and 4.a. (1). Why is a separate Property Authorization Control Record required? Can't the field use the form prescribed for Headquarters' offices?

g. Re paragraph 3.b. How will Headquarters determine the amounts of the property authorizations. The regulation should state on what basis this is arrived at. The field should know this to assist in estimating property authorization requirements and to understand the applicable limitations, if any.

h. Re paragraph 3.c. Will the field supply depots fill requisitions for property for projects or activities outside their orbit? This paragraph indicates that such projects or activities will not be able to requisition from field supply depots. If this is the case, the paragraph should say so. If there are exceptions, they should be spelled out. See comment in paragraph 7.c. above.

i. Re paragraph 4.b. A procedure for installations following Class B accounting and Reporting Procedures and Miscellaneous Reporting Units should be prescribed. If the regulation is not applicable to them say so in paragraph 2. on Coverage.

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j. Re paragraph 4.c. Should the report to Headquarters be directed to Logistics or Finance? It would be well to say who gets it.

8. In summarization, it is felt that there is an easier method of controlling property issues and more consideration should be given to field capabilities when new regulations are proposed. An effort should be made to simplify and streamline our procedures instead of adding to the workload or complexity of our systems. If the proposed regulation is determined to be the best method of control, it should be expanded to go into more detail as indicated above.

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